

## Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 AGRE-00 AID-05 TRSE-00 IGA-02 OMB-01  
SP-02 L-03 EB-08 CIAE-00 INR-07 NSAE-00 ITC-01  
/040 W

-----081452 121045Z /13

R 111416Z NOV 77  
FM AMEMBASSY CAIRO  
TO SECSTATE WASHDC 1548  
USDA FAS WASHDC

UNCLAS CAIRO 18802

DEPARTMENT PASS AID

FAS PASS GENERAL SALES MANAGER AND ASSISTANT TREASURER,  
COMMODITY CREDIT CORPORATION (CCC).

E.O. 11652: NA  
TAGS: EAGR, EAID, EFIN, EG, US.

REF: STATE 260123

1. ON BASIS INFO CONTAINED REFTEL AND SUBSEQUENT CLARIFICATION, AMBASSADOR WROTE LETTER ON 11/7/77 TO EGYPTIAN MINISTER OF TRADE AND SUPPLY ZAKARIA TEWFIK ABDEL FATTAH RECOMMENDING NEW LINE OF CREDIT UNDER GSM-5 AS BEST POSSIBILITY FOR FINANCING IMPORTS OF AMERICAN UPLAND COTTON FROM U. S. LETTER URGED PROMPT PAYMENT OF ALL ARREARAGES UNDER BOTH CCC EXPORT CREDIT SALES PROGRAM AND TITLE I (ON DATE SET FAR ENOUGH IN ADVANCE TO INSURE PAYMENT OF EXACT AMOUNT DUE ON THAT DATE) AS CONDITION PRECEDENT TO SUBMITTING APPLICATION FOR NEW CREDIT LINE. LETTER ALSO POINTED OUT THAT ACCEPTABLE BANK OBLIGATION FROM ARAB, EUROPEAN OR AMERICAN BANK WOULD BE NEEDED AND THAT AMERICAN BANK OBLIGATION WOULD SHORTEN TIME NEEDED TO PROCESS APPLICATION.

2. MINISTER TEWFIK THEREAFTER SPOKE TO MINISTER OF ECONOMY  
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AND ECONOMIC COOPERATION HAMED EL SAYEH, WHO CONTACTED AMBASSADOR AND EXPRESSED SURPRISE THAT THERE WERE ANY ARREARAGES OUTSTANDING UNDER EITHER PROGRAM AS HE HAD BEEN LED TO BELIEVE ALL PAYMENTS WERE CURRENT. THIS IS LINE PREVIOUSLY EXPRESSED BY GOE OFFICIALS ON SEVERAL OCCASIONS. MINISTER EL SAYEH ASKED AMBASSADOR TO SEND HIM DETAILS SHOWING AMOUNTS ALLEGEDLY DUE SO GOE RECORDS COULD BE COM-

PARED WITH THOSE OF USG.

3. ACCORDINGLY, AMBASSADOR WROTE TO MINISTER EL SAYEH ON 11/8/77 AND ENCLOSED COPIES OF (A) LETTER TO MINISTER TEWFIK DATED 11/7/77, AND (B) SUMMARY OF ARREARAGES AS OF 9/30/77 TRANSMITTED TO CAIRO AS LETTER FROM ASSISTANT TREASURER OF CCC DATED 10/28/77 (PLUS COPIES OF ALL BACKGROUND DOCUMENTS REFERRED TO THEREIN).

4. MINISTER EL SAYEH CALLED AMBASSADOR ON 11/10/77 AND SAID HIS STAFF HAD CONCLUDED THAT CCC SUMMARY SUPPORTED THEIR CON-  
TENTION THAT GOE HAS NO OUTSTANDING ARREARAGES UNDER EITHER PROGRAM. MINISTER AND AMBASSADOR AGREED THAT APPROPRIATE STAFF WOULD MEET AND TRY TO RECONCILE DIFFERING VIEWS ON AMOUNT, IF ANY, OF ARREARAGES.

5. WE ARE CONCERNED THAT SITUATION OUTLINED ABOVE WILL LEAD TO PROTRACTED NEGOTIATIONS WHICH WILL SUBSTANTIALLY DELAY PAYMENT OF ARREARAGES, IF ANY, AND SUBMISSION OF APPLICATION FOR NEW CREDIT LINE. THIS HAS SERIOUS IMPLICATIONS SINCE PURPOSE OF CREDIT LINE IS TO FINANCE COTTON IMPORTS TO ARRIVE EGYPT ASAP (WE HAVE EXPLAINED TO GOE THAT DECEMBER ARRIVAL IS SIMPLY NOT IN THE CARDS). WE ALSO DOUBT IF WE HAVE THE DOCUMENTS IN CAIRO TO SUPPORT DETAILED ANALYSIS OF EVERY TRANSACTION INVOLVED. SPECIFICALLY, WE HAVE MONTHLY SUMMARIES BY CCC AND SUPPORTING LETTERS, BUT UNCLASSIFIED

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DO NOT HAVE COPIES OF LETTERS OF CREDIT, RECORDS OF PAYMENTS, ETC.

6. REQUEST RECOMMENDATION OF CCC ON BEST WAY TO PROCEED. CAN YOU FORWARD COMPLETE SET OF DOCUMENTS TO CAIRO IMMEDIATELY TO SUPPORT CLAIMED ARREARAGES OR, AS POSSIBLE BEST ALTERNATIVE, SEND COMPETENT EXPERT TO CAIRO WITH DOCUMENTS AS EARLY AS NEXT WEEK? WE WILL PURSUE MATTER HERE BUT, AS POINTED OUT ABOVE, DOUBT THAT WE HAVE NECESSARY DOCUMENTS TO RESOLVE IT. IF THERE IS ANY CHANCE THAT EGYPTIANS ARE RIGHT, WE CLEARLY DO NOT WISH TO PENALIZE THEM. IF THEY ARE WRONG, AS WE SUSPECT IS THE CASE, WE SHOULD FIND SOME EXPEDITIOUS MEANS TO DEMONSTRATE THIS TO THEM.  
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## Message Attributes

**Automatic Decaptioning:** X  
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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** CREDIT, IMPORTS, TEXTILES, COTTON  
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**Copy:** SINGLE  
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**Decaption Date:** 01-Jan-1960 12:00:00 am  
**Decaption Note:**  
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**Type:** TE  
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**Review Markings:**  
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